

Annex I

**CAROLINA POWER & LIGHT COMPANY
D/B/A PROGRESS ENERGY CAROLINAS, INC.**

\$750,000,000 Three-Year Revolving Credit Facility

<i>Borrower:</i>	Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc. (the “ <i>Borrower</i> ”).
<i>Amount and Type of Facility:</i>	\$750,000,000 three-year senior unsecured revolving credit facility (the “ <i>Facility</i> ”).
<i>Purpose:</i>	For general corporate purposes, including commercial paper backstop.
<i>Administrative Agent:</i>	Wells Fargo Bank, N.A. (“ <i>Wells Fargo</i> ” and, in its capacity as administrative agent, the “ <i>Agent</i> ”).
<i>Joint Lead Arrangers:</i>	Wells Fargo Securities, LLC and RBS Securities Inc. (the “ <i>Arrangers</i> ”).
<i>Syndication Agent:</i>	The Royal Bank of Scotland plc.
<i>Lenders:</i>	Wells Fargo, Bank of America, N.A., Barclays Bank PLC, The Royal Bank of Scotland plc and other financial institutions acceptable to the Borrower and the Agent.
<i>Closing Date:</i>	October 15, 2010, or such other date as may be agreed upon by the Borrower and the Arrangers.
<i>Commitments:</i>	The obligations of the Lenders to make Advances (as defined below).
<i>Commitment Termination Date:</i>	Three years after the Closing Date, subject to extension.
<i>Extension of Commitment Termination Date:</i>	So long as no Event of Default shall have occurred and be continuing, the Borrower may request that the Commitment Termination Date be extended for additional one-year periods by providing notice of such request to the Agent at least 30 but no more than 60 days prior to the first and second anniversaries of the Closing Date (each an “ <i>Anniversary Date</i> ”). If a Lender agrees, in its sole discretion, to consent to such request (an “ <i>Extending Lender</i> ”), it will notify the Agent in writing of its decision to do so no later than 20 days prior to the applicable

Anniversary Date. The Extending Lenders' commitments will be extended for an additional year from the then existing Commitment Termination Date, provided that (i) more than 50% of the Commitments are extended, (ii) all representations and warranties are true and correct on such date, (iii) no Event of Default or event that with notice or the passage of time would constitute an Event of Default has occurred and is continuing and (iv) the Borrower delivers to the Agent and each Lender customary legal opinions, a certificate as to the accuracy of representations and warranties and certified copies of any required governmental approvals. Any Lender that declines the Borrower's request for an extension of the Commitment Termination Date (a "**Declining Lender**") will have its commitment terminated on the then existing Commitment Termination Date (without regard to any renewals by other Lenders). The Borrower will have the right to accept Commitments from Lenders and other third party financial institutions acceptable to the Agent in an amount not greater than the amount of the Commitments of any Declining Lenders.

***Optional Commitment
Reduction and Increase:***

The Borrower will have the right, upon at least 3 business days' notice to the Agent, to terminate or cancel, in whole or in part, the unused portion of the Commitments; *provided* that each partial reduction shall be in a minimum amount of \$10,000,000 or any whole multiple of \$1,000,000 in excess thereof. Once terminated, a Commitment may not be reinstated.

The Borrower may from time to time increase the Commitments up to a maximum aggregate amount of \$1,000,000,000 by designating one or more Lenders or other financial institutions reasonably acceptable to the Agent, which Lender(s) and/or financial institution(s) shall have agreed to accept all or a portion of such additional Commitments. It shall be a condition precedent to each such increase that all representations and warranties be true and correct on the date of such increase and no Event of Default or event that, with the giving of notice or the passage of time would constitute an Event of Default, has occurred and is continuing.

Availability:

At any time, the entire amount of the Commitment then in effect will be available to the Borrower as loans (the "**Advances**"). From the Closing Date and prior to the Commitment Termination Date, the Borrower may, subject to the terms of the Facility, borrow, repay (without premium

or penalty but with payment of breakage costs as described below) and reborrow.

Facility Fee:

Per the attached Pricing Grid, based on the Borrower's long-term senior unsecured non-credit-enhanced debt ratings, payable on each Lender's Commitment, irrespective of usage, quarterly in arrears on the last day of each March, June, September and December, and on the applicable Commitment Termination Date.

The Facility Fee will be calculated on a 360-day basis.

***Interest Rates and
Interest Periods:***

At the Borrower's option, any Advance that is made to it will be available at the rates and for the Interest Periods stated below:

(i) ***Alternate Base Rate:*** a fluctuating rate equal to the sum of (A) the highest of (x) Wells Fargo's prime rate, (y) the Federal Funds Rate plus ½% and (z) one-month LIBOR plus 1% and (B) the Applicable Margin.

(ii) ***Eurodollar Rate:*** a periodic fixed rate equal to LIBOR plus the Applicable Margin.

The Eurodollar Rate will be fixed for Interest Periods of 1, 2, 3 or 6 months.

Upon the occurrence and during the continuance of any Event of Default, each Eurodollar Rate Advance will convert to a Base Rate Advance at the end of the Interest Period then in effect for such Eurodollar Rate Advance.

Applicable Margin:

The Applicable Margin means an amount that will vary per the attached Pricing Grid, based on the Borrower's long-term senior unsecured non-credit-enhanced debt ratings.

Upon the occurrence and during the continuance of any Event of Default, the Applicable Margin will increase by 200 basis points per annum.

Interest Payments:

At the end of each calendar quarter for Base Rate Advances and at the end of each Interest Period for each Eurodollar Rate Advance, but no less frequently than quarterly. Interest will be computed on a 365/366-day basis for Base Rate Advances when the Alternate Base Rate is determined by reference to Wells Fargo's prime rate and a 360-day basis for all other Advances.

<i>Borrowings:</i>	Borrowings will be in minimum principal amounts of \$10,000,000 and integral multiples of \$1,000,000 in excess thereof. All Advances will be made by the Lenders ratably in proportion to their respective Commitments. Borrowings will be available on same day notice for Base Rate Advances and 3 business days' notice for Eurodollar Rate Advances.
<i>Repayment:</i>	The Borrower will repay each Advance no later than on the Commitment Termination Date.
<i>Optional Prepayment:</i>	Advances may be prepaid without penalty, on same day notice for Base Rate Advances and 2 business days' notice for Eurodollar Rate Advances, in minimum amounts of \$5,000,000 and increments of \$1,000,000 in excess thereof. The Borrower will bear all costs reasonably incurred by each Lender in connection with the prepayment of Eurodollar Rate Advances prior to the last day of the applicable Interest Period.
<i>Loan Documentation:</i>	The Commitments will be subject to preparation, execution and delivery of mutually acceptable loan documentation that will contain conditions precedent, representations and warranties, covenants, events of default and other provisions customary for facilities of this nature and substantially consistent with the \$450,000,000 Credit Agreement, dated as of March 28, 2005, as amended (the " <i>Existing Facility</i> "), among the Borrower and the lenders and administrative agent parties thereto, including, but not limited to, those noted below.
<i>Conditions Precedent to Closing and Effectiveness of Commitments:</i>	<p>Customary for facilities of this nature and substantially consistent with the Existing Facility, including, but not limited to:</p> <ol style="list-style-type: none"> (1) Notes, if requested by any Lender. (2) Certified copies of board resolutions. (3) Incumbency/specimen signature certificate. (4) Officer's certificate as to accuracy of representations and warranties and absence of defaults. (5) Certified copies of all necessary governmental approvals. (6) Favorable legal opinions from counsel for the Borrower.

- (7) Favorable legal opinion from counsel for the Agent.
- (8) The commitments under (i) the Existing Facility shall have been terminated and all amounts outstanding under such facility shall have been paid in full, and (ii) the \$1,130,000,000 Credit Agreement, dated as of May 3, 2006, among Progress Energy, Inc. (the “*Parent*”) and the lenders and administrative agent parties thereto shall have been reduced to no more than \$500,000,000.
- (9) Payment of fees and expenses to the extent then due and payable under the definitive loan documents and related fee letters entered into by the Borrower.
- (10) Delivery to each Lender of all required “know your customer” and Patriot Act information.

Conditions Precedent to all Borrowings:

Customary for facilities of this nature and substantially consistent with the Existing Facility, including, but not limited to:

- (1) All representations and warranties (other than as described in item (7) below under “Representations and Warranties”) are true and correct in all material respects on and as of the date of the Borrowing, before and after giving effect to such Borrowing and to the application of the proceeds therefrom, as though made on and as of such date.
- (2) No Event of Default or event that, with the giving of notice or passage of time or both, would be an Event of Default has occurred and is continuing or would result from such Borrowing.

Representations and Warranties:

Customary for facilities of this nature and substantially consistent with the Existing Facility, including, but not limited to:

- (1) Confirmation of corporate status and authority.
- (2) Corporate power and due authorization of the loan documents.
- (3) Execution, delivery and performance of loan documents do not violate organizational documents, law or existing agreements.
- (4) No governmental or regulatory approvals required, other

than those that have been already duly issued, are final and in full force and effect.

- (5) Legality, validity, binding effect and enforceability of the loan documents.
- (6) Accuracy and completeness of information and historical financial statements.
- (7) No material adverse change in the financial condition, operations or properties of the Borrower and its subsidiaries, taken as a whole, since December 31, 2009.
- (8) No litigation which would have a material adverse effect on the financial condition, operations or properties of the Borrower and its subsidiaries, taken as a whole.
- (9) Use of proceeds.
- (10) Margin regulations.
- (11) Material compliance with laws and regulations, including ERISA and all applicable environmental laws and regulations.
- (12) Not an investment company.

Financial Covenant:

Maintain at all times a ratio of Consolidated Indebtedness to Total Capitalization no greater than 0.65:1.0.

As used herein, “***Consolidated Indebtedness***” means the sum of the following for the Borrower and its consolidated subsidiaries: (i) any obligation of such person for borrowed money, (ii) any obligation of such person evidenced by a bond, debenture, note or other similar instrument, (iii) any obligation of such person to pay the deferred purchase price of property or services, except a trade account payable that arises in the ordinary course of business but only if and so long as the same is payable on customary trade terms, (iv) any obligation of such person as lessee under a capital lease or synthetic lease, (v) any mandatorily redeemable stock of such person (the amount of such mandatorily redeemable stock to be determined for this purpose as the higher of the liquidation preference and the amount payable upon redemption of such mandatorily redeemable stock), (vi) any obligation of such person to purchase securities or other property that arises out of or in connection with the sale of the same or substantially similar securities or

property, (vii) any non-contingent obligation of such person to reimburse any other person in respect of amounts paid under a letter of credit or other guaranty issued by such other person to the extent that such reimbursement obligation remains outstanding after it becomes non-contingent, (viii) any indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) a mortgage, lien, pledge, charge or other encumbrance on any asset of such person, (ix) any liabilities in respect of unfunded vested benefits under plans covered by Title IV of ERISA and (x) any indebtedness of others guaranteed by such person.

As used herein, “**Total Capitalization**” means the sum of the value of the common stock, retained earnings and preferred and preference stock of the Borrower (in each case, determined in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to under the Section “Representations and Warranties” herein *plus* Consolidated Indebtedness of the Borrower.

Covenants:

Customary for facilities of this nature and substantially consistent with the Existing Facility, including, but not limited to:

- (1) Material compliance with laws (including ERISA and applicable environmental laws).
- (2) Preservation and maintenance of corporate existence.
- (3) Visitation and inspection rights.
- (4) Maintenance of books and records.
- (5) Maintenance of properties.
- (6) Maintenance of insurance.
- (7) Payment of taxes.
- (8) Payment of material obligations.
- (9) Certain reporting requirements.
- (10) Use of proceeds.

- (11) Certain restrictions on liens.
- (12) Certain restrictions on Indebtedness and lease obligations.
- (13) Certain restrictions on change of business, consolidations, mergers and sales of assets (but excluding sales of assets not exceeding \$250,000,000 in the aggregate in any fiscal year of the Borrower).

Events of Default:

Customary for facilities of this nature and substantially consistent with the Existing Facility, including, but not limited to:

- (1) Failure to pay principal when due and failure to pay interest, fees and other amounts within 5 business days of when due.
- (2) Representations or warranties materially incorrect when made.
- (3) Failure to comply with covenants (with notice and cure periods as applicable).
- (4) Cross-default to payment defaults on principal aggregating \$35,000,000 or to other events if the effect is to accelerate or permit acceleration of such debt.
- (5) Bankruptcy/insolvency.
- (6) Unsatisfied judgment or order in excess of \$50,000,000.
- (7) ERISA.
- (8) Change of control events as follows: (i) any person or "group" (within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended) shall, directly or indirectly, acquire beneficial ownership of or control over securities of Progress Energy, Inc., representing in excess of 30% of the combined voting power of all securities of the Parent entitled to vote in the election of directors of the Parent or (ii) the Parent shall fail to own, directly or indirectly, 95% of all securities of the Borrower entitled to vote in the election of directors of the Borrower.

Other:

Loan documentation will include:

- (1) Indemnification of the Agent, the Arrangers, the Syndication Agent and the Lenders and each of their respective affiliates, officers, directors, employees, agents and advisors for any liabilities and expenses arising out of or in connection with the Facility or the use or proposed use of proceeds.
- (2) Customary agency language.
- (3) Majority Lenders defined as those holding greater than 50% of the principal amount of outstanding Advances or, if none, Commitments. The consent of all the Lenders will be required to increase the size of the Facility (other than as described above under "Optional Commitment Reduction and Increase"), to extend the maturity (other than as described under "Extension of Commitment Termination Date") or to decrease interest rates or fees.
- (4) Customary defaulting lender language.

Assignments and Participations:

Each Lender will have the right to assign to one or more eligible assignees all or a portion of its rights and obligations under the loan documents, with the consent, not to be unreasonably withheld, of the Agent and the Borrower; *provided* that the consent of the Borrower shall not be required if an Event of Default or event that, with the giving of notice or the passage of time, or both, would constitute an Event of Default shall have occurred and is continuing. Minimum aggregate assignment level of \$5,000,000 and increments of \$1,000,000 in excess thereof. The parties to the assignment (other than the Agent and the Borrower) will pay to the Agent an administrative fee of \$3,500.

Each Lender will also have the right, without the consent of the Borrower or the Agent, to assign (i) as security, all or part of its rights under the loan documents to any Federal Reserve Bank and (ii) with notice to the Borrower and the Agent, all or part of its rights and obligations under the loan documents to any of its affiliates, any other Lender or any approved fund.

Each Lender will have the right to sell participations in its rights and obligations under the loan documents, subject to customary restrictions on the participant's voting rights.

Yield Protection, Taxes and Other Deductions:

- (1) The loan documents will contain yield protection provisions, customary for facilities of this nature and substantially consistent with the Existing Facility,

protecting the Lenders in the event of unavailability of funding, funding losses, reserve requirements and changes in capital adequacy requirements.

- (2) All payments to be free and clear of any present or future taxes, withholdings or other deductions whatsoever (other than income taxes in the jurisdiction of the Lender's organization or applicable lending office). The Lenders will use reasonable efforts to minimize to the extent possible any applicable taxes and the Borrower will indemnify the Lenders and the Agent for such taxes paid by the Lenders or the Agent.

The Borrower will have the right to replace any Lender that requests reimbursements for amounts owing under (1) above; *provided that* (i) no Event of Default, or event that, with the giving of notice or lapse of time, or both, would be an Event of Default, has occurred and is continuing, (ii) the Borrower has satisfied all of its obligations under the Facility relating to such Lender, and (iii) any replacement is acceptable to the Agent and the Borrower has paid the Agent a \$3,500 administrative fee if such replacement Lender is not an existing lender.

Governing Law:

State of New York.

***Submission to
Jurisdiction and Waiver
of Jury Trial:***

The Borrower will submit to the non-exclusive jurisdiction of New York state and federal courts and will waive all rights to trial by jury.

***Counsel to the Arrangers
and the Agent:***

King & Spalding LLP.

Expenses:

The Borrower will reimburse the Arrangers and the Agent for all reasonable out-of-pocket expenses (including fees and expenses of counsel to the Arrangers) incurred by them in the negotiation, syndication and execution of the Facility. Such expenses will be reimbursed by the Borrower upon presentation of a statement of account, regardless of whether the transaction contemplated is actually completed or the loan documents are signed.

CAROLINA POWER & LIGHT COMPANY
d/b/a Progress Energy Carolinas, Inc.
\$750,000,000 Three-Year Revolving Credit Facility
Pricing Grid

BASIS FOR PRICING	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5	LEVEL 6
	Reference Ratings At Least A By S&P <u>or</u> A2 By Moody's	Reference Ratings Less Than Level 1 But At Least A- By S&P <u>or</u> A3 By Moody's	Reference Ratings Less Than Level 2 But At Least BBB+ By S&P <u>or</u> Baa1 By Moody's	Reference Ratings Less Than Level 3 But At Least BBB By S&P <u>or</u> Baa2 By Moody's	Reference Ratings Less Than Level 4 But At Least BBB- By S&P <u>or</u> Baa3 by Moody's	Reference Ratings Less Than Level 5 or Unrated
Facility Fee(1)	15.0 bps	17.5 bps	22.5 bps	35.0 bps	45.0 bps	60.0 bps
Applicable Margin For Base Rate Advances	35.0 bps	57.5 bps	77.5 bps	90.0 bps	105.0 bps	140.0 bps
Applicable Margin For Eurodollar Advances	135.0 bps	157.5 bps	177.5 bps	190.0 bps	205.0 bps	240.0 bps

“Reference Ratings” means the ratings assigned by Standard & Poor’s (**“S&P”**) and Moody’s Investors Service, Inc. (**“Moody’s”**) to the long-term unsecured senior, non-credit enhanced debt ratings of the Borrower, or if S&P or Moody’s does not maintain such a rating, the “issuer rating” assigned by S&P or Moody’s (as the case may be) to the Borrower. The Facility Fees and the Applicable Margins shall be, at any time, the rate per annum set forth in the above table (expressed as basis points) below the relevant Reference Ratings. In the case of a split rating of one level, the higher rating will apply. In the case of a split rating of two or more levels, the rating that is one below the higher rating will apply.

(1) Paid quarterly in arrears on each bank’s commitment irrespective of usage.